

1 WAYNE STRUMPFER  
 Acting California Corporations Commissioner  
 2 ALAN S. WEINGER (CA BAR NO. 86717)  
 Acting Deputy Commissioner  
 3 JUDY L. HARTLEY (CA BAR NO. 110628)  
 Senior Corporations Counsel  
 4 Department of Corporations  
 320 West 4<sup>th</sup> Street, Ste. 750  
 5 Los Angeles, California 90013-2344  
 Telephone: (213) 576-7604 Fax: (213) 576-7181  
 6  
 Attorneys for Complainant  
 7

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
 9 OF THE STATE OF CALIFORNIA  
 10

11 In the Matter of the Accusation of THE	) File Nos.: 603-4193; 603-4736; 603-5646; &
12 CALIFORNIA CORPORATIONS	) 605-1810
12 COMMISSIONER,	)
13	) ACCUSATION
13 Complainant,	)
14	)
14 vs.	)
15	)
16 GROWTH RESOURCE GROUP, INC.,	)
17	)
17 Respondent.	)
18	)

19 The Complainant is informed and believes, and based upon such information and belief,  
 20 alleges and charges Respondent as follows:

21 I

22 Respondent Growth Resource Group, Inc. ("Growth") is a finance lender/broker licensed by  
 23 the California Corporations Commissioner ("Commissioner") pursuant to the California Finance  
 24 Lenders Law of the State of California (California Financial Code § 22000 et seq.) ("CFL").  
 25 Growth currently has 4 licenses issued under the CFL. License number 603-4193 is for Growth  
 26 doing business as EZ Car Cash with its place of business located at 31877 Del Obispo, Suite 214,  
 27 San Juan Capistrano, California 92675. License number 603-4736 is for Growth doing business as  
 28 GRGI with its place of business located at 21250 Hawthorne Boulevard, Suite 500, Torrance,

1 California 90503. License number 603-5646 is for Growth doing business as Growth with its place  
2 of business located at 31877 Del Obispo, Ste. 214, San Juan Capistrano, California 92675. License  
3 number 605-1810 is for Growth doing business as Growth with its place of business located at 9609  
4 Van Nuys Boulevard, Ste. 101, Panorama City, California 91402.

## 5 II

6 On or about March 17, 1999, the Commissioner and Growth entered into a Settlement  
7 Agreement, a true and correct copy of which is attached and incorporated herein as Exhibit A.  
8 Pursuant to this Settlement Agreement, Growth was required to (i) review all loans made during the  
9 period of November 1995 through October 1997 to determine every loan that involved collateral  
10 insurance placed by Growth where the collateral insurance was flat cancelled at any time during the  
11 term of the loan, (ii) recast all such loans, and (iii) refund all excess interest paid by the borrowers  
12 where the recast loan amount was under \$2,500.00. See Exhibit A, paragraph B. The Settlement  
13 Agreement further provided that Growth would make the refunds over a period of two years and  
14 required Growth to escheat to the State Controller's Office all refunds returned as undeliverable.  
15 See Exhibit A, paragraphs C - F. Pursuant to the provisions of the Settlement Agreement, the parties  
16 agreed that the appropriate escheatment period was three years. The refunds were to commence in  
17 April 1999. Accordingly, all refunds, including the escheatment of undeliverable refunds, should  
18 have been completed by mid 2004.

## 19 III

20 The CFLL applications for Growth license numbers 603-5654 and 605-1810 were pending at  
21 the time of the Settlement Agreement discussed in Section II above. The applications were granted  
22 by the Commissioner as a result of the representations and commitments made by Growth in the  
23 Settlement Agreement.

## 24 IV

25 On or about August 13, 2003, the Commissioner, through his examination staff, commenced  
26 a regulatory examination of the books and records of Growth under the CFLL ("regulatory  
27 examination"). The regulatory examination disclosed no evidence that Growth had escheated any  
28 undeliverable refunds as required by the Settlement Agreement despite the passage of over four

1 years since the effective date of the Settlement Agreement. According to Growth, over \$200,000.00  
2 in borrower-refund checks remained outstanding.

### 3 V

4 Since on or about November 3, 2003, the Commissioner has made at least 9 demands on  
5 Growth to escheat the outstanding refunds as required by the Settlement Agreement and to submit all  
6 documentation regarding such escheatment. The date of the last demand was December 20, 2004.  
7 Growth has yet to comply with the Commissioner’s demands.

8 Moreover, on March 29, 2004, the Commissioner, pursuant to California Financial Code  
9 section 22159(b), demanded that Growth provide a special report with specific documentation  
10 regarding the refunds and escheatment, to include, a list of all refund checks that were negotiated, all  
11 unclaimed refund checks, and proof of escheatment of unclaimed refund checks. Growth has yet to  
12 submit the special report despite the Commissioner’s further demands on June 28, 2004, July 13,  
13 2004, September 22, 2004, October 12, 2004, and December 20, 2004.

### 14 VI

15 The regulatory examination further disclosed that Growth had not made a good faith effort to  
16 disburse the refund checks. Growth sent the refunds via certified, return-receipt mail. Several  
17 refunds returned to Growth disclosed that Growth included a cover letter with the refund checks that  
18 had “DEMAND FOR MONEY” as the reference line. The reference line was clearly visible in the  
19 address window of the envelope. Growth clearly intended to dissuade the recipients from opening or  
20 accepting the letters.

### 21 VII

22 California Financial Code section 22001(a)(4) establishes that one of the underlying purposes  
23 and policies of the CFLL is “[t]o protect borrowers against unfair practices by some lenders, having  
24 due regard for the interests of legitimate and scrupulous lenders.”

25 California Financial Code section 22150 provides:

26 The commissioner may make general rules and regulations and specific  
27 rulings, demands, and findings for the enforcement of this division, in  
28 addition to, and within the general purposes of, this division.

California Financial Code section 22159(b) provides:

A licensee shall make other special reports that may be required by the commissioner.

VIII

California Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

(1) The licensee has failed to comply with any demand, ruling, or requirement of the commissioner made pursuant to and within the authority of this division.

(2) The licensee has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.

(3) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

IX

Complainant finds that, by reason of the foregoing, Growth has failed to comply with demands of the Commissioner and has violated Section 22159(b) of the California Financial Code and based thereon, sufficient grounds exist to revoke the finance lender licenses of Growth.

Further, with respect to Growth license numbers 603-5654 and 605-1810, the Commissioner finds that, by reason of the foregoing, that a fact or condition now exists (failure to comply with the Settlement Agreement), that if it had existed at the time of original licensure, reasonably would have warranted the Commissioner in refusing to issue the licenses to Growth, and based thereon, further grounds exist to revoke those finance lenders licenses of Growth.

WHEREFORE, IT IS PRAYED that the CFLL licenses of Respondent Growth be revoked.

Dated: May 10, 2005  
Los Angeles, CA

WAYNE STRUMPFER  
Acting California Corporations Commissioner

By \_\_\_\_\_  
Judy L. Hartley  
Senior Corporations Counsel